

Message Text

CONFIDENTIAL

PAGE 01 KUWAIT 05454 220605Z

14

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00

ACDA-07 PA-01 PRS-01 /114 W
----- 068762

R 211432Z NOV 76

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 6692

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

USMISSION OECD PARIS

USMISSION EC BRUSSELS

USINT BAGHDAD

C O N F I D E N T I A L KUWAIT 5454

DEPT PASS TO TREASURY FOR ASST SECY PARSKY'S OFFICE

E.O. 11652: GDS

TAGS: PFOR, ENRG, KU

SUBJ: PARSKY VISIT: MEETING WITH OIL MINISTER KAZIMI

1. TREASURY ASSISTANCE SECRETARY PARSKY AND AMBASSADOR,
ACCOMPANIED BY JERRY NEWMAN OF TREASURY AND EMBASSY E/C
SECTION CHIEF STEPHEN BUCK CALLED ON OIL MINISTER ABD AL-
MUTTALEB AL-KAZIMI NOVEMBER 20, DAY AFTER MINISTER HAD RETURNED FROM
JAPANESE-ARAB OAPEC SEMINAR IN TOKYO. FOLLOWING ARE MAIN
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PAGE 02 KUWAIT 05454 220605Z

POINTS OF CONVERSATION. (PARA 2 THROUGH 5 CLEARED IN DRAFT

BY ASST SECY PARSKY.)

2. OPEC OIL PRICING/DOHA CONFERENCE: AMBASSADOR LEFT COPY OF AIDE MEMOIRE WHICH HE HAD GIVEN TO ACTING AMIR JABER AL AHMAD WHILE KAZIMI WAS OUT OF COUNTRY. MINISTER SAID HE HAD ALREADY SEEN DOCUMENT AND THAT IDEAS CONTAINED IN IT WERE "A GOOD BASIS FOR OUR UPCOMING DISCUSSIONS IN OPEC". OPEC MEMBERS, MINISTER DECLARED, DID NOT WISH TO TAKE ANY DECISIONS WHICH WOULD HARM OTHER COUNTRIES AND DID NOT WISH CONFRONTATION. DECISIONS AT DOHA, MINISTER PREDICTED, WOULD RELATE TO DEVELOPEMENTS AT PARIS CONFERENCE. BESIDES PARIS RESULTS, MINISTER SAID, IMPACT OF INFLATION ON NON-SURPLUS OPEC PRODUCERS - IRAN, IRAQ AND ALGERIA ESPECIALLY - WOULD BE IMPORTANT FACTOR AT MEETING. HOWEVER, KAZIMI PREDICTED THAT DOHA MEETING WOULD PRODUCE "MODERATE INCREASE". WHILE OPEC COUNTRIES CONTINUED TO STATE PUBLICLY THAT DOHA MEETING WOULD TAKE PLACE DEC 15, IN FACT, KAZIMI SAID VERY CONFIDENTIALLY, OPEC OIL MINISTERS HAD PRIVATELY AGREED THAT IT WILL BE HELD ON 20TH, AFTER DEC 15 PARIS CONFERENCE (KUWAIT 5422).

3. ASST SECY PARSKY EXPRESSED HOPE THAT OPEC MEETING WOULD NOT JUST LOOK AT RESULTS OF CIEC MEETING IMMEDIATELY PROCEEDING IT. THERE HAD BEEN CONSIDERABLE PROGRESS IN NORTH-SOUTH DIALOGUE OVER THE PAST YEAR - US HAD INCREASED ITS CONTRI-BUTION TO WORLD BANK, INCREASED QUOTAS AND INCREASED THE COMPEN-SATORY FINANCING FACILITY WITHIN THE IMF, ETC. - ALL ACTIONS WHICH COULD HAVE BEEN DELAYED TO DECEMBER, BY HAD NOT BEEN. US WAS OPPOSED, PARSKY SAID, TO ANY OIL PRICE INCREASE BECAUSE OF ITS NEGATIVE EFFECT ON THE WORLD ECONOMY. MANY COUNTRIES, PARSKY NOTED, HAD HAD TO BORROW IN 1974 FOR COMSUP-PTION EXPENDITURES, NOT INVESTMENT. SOME OF THESE DEBTS WERE COMING DUE, LEADING TO FINANCING PROBLEMS EVEN ASSUMING PRESENT PRICE OF OIL CONTINUED.

4. ARAB BOYCOTT: ASST SECY PARSKY SAID ARAB BOYCOTT, AS HE UNDERSTOOD IT INVOLVED NOT DOING BUSINESS WITH ISRAEL OR DEALING WITH FIRMS THAT SIGNIFICANTLY CONTRIBUTED TO ECONOMY OF STATE WITH WHICH ARABS WERE NOT AT PEACE. PARSKY SAID THAT WHILE HE OPPOSED BOYCOTTS, HE REALIZED THAT THE ONLY WAY TO BRING AN END TO THE ARAB BOYCOTT WOULD BE TO BRING PEACE TO CONFIDENTIAL

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PAGE 03 KUWAIT 05454 220605Z

THE AREA. WHILE BOYCOTT ITSELF COULD NOT BE ENDED BEFORE PEACE ACHIEVED, IT WAS IMPORTANT, PARSKY SAID, TO ELIMINATE ITS EXTENSIONS - SECONDARY BOYCOTTS AND ANY OCCASIONAL EVIDENCES OF DISCRIMINATION. THUS, PARSKY EMPHASIZED, US COMPANIES SHOULD NOT BE REQUIRED TO ACT AS AN ENFORCEING ARM OF THE BOY-COTT BY STATING THAT THEIR GOODS ARE NOT FROM ISRAEL OR BY STATING THAT THEY DO NOT DEAL WITH BOYCOTTED COMPANIES. RATHER US FIRMS SHOULD SIMPLY STATE ORIGIN OF MANUFACTURE AND COMPANIES

THEY WOULD DEAL WITH. CONGRESS IS LIKELY TO ENACT MORE LEGISLATION CONCERNING THE BOYCOTT, AND IT IS IMPORTANT THAT EXTENSIONS OF THE BOYCOTT BE ELIMINATED BEFORE ANY CONGRESSIONAL ACTION TAKEN, PARSKY SAID.

5. AFTER CLARIFICATION IN ARABIC FROM ASSISTANT UNDER SECRETARY FOR ECONOMIC AFFAIRS MUHAMMAD NASEER OF POINTS REGARDING POSITIVE CERTIFICATION, MINISTER AGREED WITH POINT THAT IT WAS UP TO COUNTRY APPLYING BOYCOTT TO APPLY IT, NOT COUNTRY OR COMPANY SUPPLYING THE GOODS. MINISTER SAID THAT SUGGESTIONS REGARDING ELIMINATION OF EXTENSIONS OF THE BOYCOTT SEEMED "LOGICAL". CHANGING PROCEDURES, SO THAT COMPANIES WOULD KNOW WHAT WAS EXPECTED OF THEM, MADE SENSE, MINISTER SAID.

6. COMMENTING TO PRESS ON HIS MEETING WITH PARSKY, OIL MINISTER IS QUOTED BY LOCAL ARABIC NEWSPAPER NOV 21 AS SAYING THAT PARSKY DISCUSSED ARAB BOYCOTT AND ITS RELATIONS TO ECONOMIC AND COMMERCIAL RELATIONSHIPS BETWEEN US AND KUWAIT. "IDEAS RAISED BY PARSKY", MINISTER REPORTED SAID, WERE "VALUABLE, ANC CAN BE A GOOD BASE FOR COOPERATION". PAPER ALSO REPORTED THAT PARSKY PRESENTED AMERICAN VIEWPOINT ON THE EFFECT OF AN INCREASE IN THE PRICE OF OIL.
MAESTRONE

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